

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
PROTECTIVE OIL AND GAS LEASE

RECEIVED

Office and Serial Number
Riverside
R 1956

THIS LEASE, entered into as of **January 1, 1969**, by and between the United States of America, through the Bureau of Land Management, hereinafter called the Lessor, and **Occidental Petroleum Corporation, 5000 Stockdale Highway, Bakersfield, California 93309,**

hereinafter called the lessee, under the supervisory authority of the Secretary of the Interior (40 Op. Atty. Gen. 41 and subject to the provisions of Public Land Order **4270 of September 11, 1967, as amended by Public Land Order 4312 of October 31, 1967.**

WITNESSETH:

Sec. 1. Rights of lessee. In consideration of rents and royalties to be paid, and the conditions and covenant to be observed as herein set forth, the lessor does hereby grant to the lessee the exclusive right and privilege to drill for, mine, extract, remove, and dispose of all the oil and gas deposits owned by the lessor, except helium gas, in and under the following-described land situated in **Sawtelle Field,**

San Bernardino Meridian

T. 1 S., R. 15 W.,

as more particularly described as Parcels A and B in Exhibit B attached hereto and made a part hereof,

containing **70.58** acres, more or less, for a period of five years and so long thereafter as oil or gas is produced in paying quantities: *Provided, That* this lease shall not be deemed to expire by reason of suspension of operations or production pursuant to any order or consent of the Secretary of the Interior. Except as otherwise provided and subject to the conditions herein specified, the lessee shall have the right to construct and maintain upon the leased lands all works, buildings, plants, waterways, roads, telegraph or telephone lines, pipe lines, reservoirs, tanks, pumpin stations, or other structures as may be necessary to the full enjoyment of this lease.

Sec. 1(a). See following Sec. 10.

Sec. 2. The lessee hereby agrees:

(a) *Bonds.* To furnish and maintain at all times as required by the Lessor a bond in the penal sum of \$ **10,000** with approved corporate surety, conditioned upon compliance with the terms of this lease.

(b) *Drilling agreement or unit plan.* Within 30 days of demand to subscribe to and operate under such reasonable communitization or drilling agreement, or under such cooperative or unit plan, embracing all or a portion of the lands included herein as the Secretary of the Interior may determine to be practicable and necessary or advisable, which agreement or plan shall adequately protect the rights of all parties in interest, including the United States, and which shall modify the terms hereof to the extent provided in such agreement or plan.

(c) *Wells.* To commence the drilling of a well or wells within the time and at such location as may be prescribed in Attachment A which is made a part hereof.

(d) *Rentals and royalties.* (1) To pay annual rentals and royalties on production under this lease as provided in Attachment B which is made a part hereof.

(2) At the option of the Lessor to pay the respective royalties herein provided for in value or in amount of produc-

tion. If paid in value such royalties shall be due and payable monthly on the last day of the month next following the month in which produced. If paid in amount of production the respective royalty products shall be delivered in merchantable condition on the premises where produced without cost to Lessor, unless otherwise agreed to by the parties hereto, at such times and at such shipping point as may be designated by the Lessor, or in the case of crude oil in such tanks provided by the Lessee as reasonably may be required by the Lessor, but in no event shall the Lessee be required to hold royalty oil or other royalty products in storage beyond the last day of the month next following the month in which produced. The Lessee shall not be responsible or held liable for the loss or destruction of royalty oil or other products in storage from causes over which the Lessee has no control.

(3) It is expressly agreed that the Secretary of the Interior may establish reasonable minimum values for purposes of computing royalty on any or all oil, gas, natural gasoline and other products obtained from gas; due consideration being given to the highest price paid for a part or for a majority of production of like quality in the same field, to the price received by the Lessee, to posted prices and to other relevant matters and, whenever appropriate, after notice and opportunity to be heard.

(4) Royalties shall be subject to reduction on the entire leasehold or on any portion thereof segregated for

becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Lessee may request the United States to enter into such litigation to protect the interests of the United States.

(m) *Assignment of lease or interest therein.* To file with the Lessor within 90 days from the date of final execution any instrument of transfer made of this lease, or any interest therein, such instrument to take effect upon its final approval by the Bureau of Land Management, as of the first day of the month following the date of filing.

(n) *Pipe lines to purchase or convey at reasonable rates and without discrimination.* If owner, or operator, or owner of a controlling interest in any pipe line or of any company operating the same which may be operated accessible to the oil or gas derived from lands under this lease, to accept and convey and, if a purchaser of such products, to purchase at reasonable rates and without discrimination the oil or gas of the Government or of any citizen or company not the owner of any pipe line, operating a lease or purchasing or selling oil, gas, natural gasoline, or other products obtained under a lease or permit granted by the United States.

(o) *Reserved deposits.* To comply with all statutory requirements and regulations thereunder, if the lands embraced herein have been or shall hereafter be disposed of under the laws reserving to the United States the deposits of oil and gas therein, subject to such conditions as are or may hereafter be provided by the laws reserving such oil or gas.

(p) *Overriding royalties.* Not to create overriding royalties or payments out of production in excess of 5 percent on the leasehold or any part thereof or any zone segregated for the computation of royalties without approval by the Lessor.

(q) *Use and protection of property.* To comply with the stipulations governing the use and protection of the leased lands prescribed in Attachment C which is made a part hereof.

(r) *Damage to property.* To pay the Lessor or his tenant, as the case may be, for any and all damage to or destruction of property caused by Lessee's operations hereunder; to save and hold the Lessor harmless from all damage or claims for damage to persons or property resulting from the Lessee's operations under this lease.

(s) *Restoration of surface of land.* Upon any partial or total relinquishment, cancellation, or expiration of lease, Lessee shall, as to that part of the leased land as to which his rights have terminated, and to the extent deemed necessary by the Lessor fill all sump holes, ditches and other excavations, remove or cover all debris, and shall, so far as reasonably possible, restore the surface of the leased land to its former condition.

(t) *Local agent.* To appoint and maintain at all times during the term of this lease an agent upon whom may be served written orders or notices respecting matters contained in this section, and within 15 days after the date of this lease to inform the Oil and Gas Supervisor of the U. S. Geological Survey, in writing, the name and address of such agent. If a substitute agent is appointed, Lessee shall immediately so inform the said official.

(u) *Oil and gas operating regulations.* To comply with and operate in accordance with the provisions of the Oil and Gas Operating Regulations (30 CFR, Part 221), to the extent that

such regulations are not inconsistent with the specific terms hereof.

Sec. 3. The Lessor expressly reserves

(a) *Easement and rights-of-way.* The right to permit for joint or several use easements or rights-of-way, including easements, in tunnels upon, through, or in the lands leased, occupied, or used as may be necessary or appropriate to the working of the same, and the treatment and shipment of products thereof by or under authority of the Government, its Lessees or Permittees, and for other public purposes.

(b) *Disposition of surface.* The right to lease, sell, or otherwise dispose of the surface of any of the lands embraced within this lease which are owned by the United States under existing law or laws hereafter enacted, insofar as said surface is not necessary for the use of the Lessee in the extraction and removal of the oil and gas therein.

(c) *Monopoly and fair prices.* Full power and authority to promulgate and enforce all orders necessary to insure the sale of the production of the leased lands to the United States and to the public at reasonable prices, to protect the interests of the United States, to prevent monopoly, and to safeguard the public welfare.

(d) *Helium.* The ownership and the right to extract helium from all gas produced under this lease, subject to such rules and regulations as shall be prescribed by the Secretary of the Interior. In case the Lessor elects to take the helium the Lessee shall deliver all gas containing same, or portion thereof desired, to the Lessor at any point on the leased premises in the manner required by the Lessee, for the extraction of the helium in such plant or reduction works for that purpose as the Lessor may provide, whereupon the residue shall be returned to the Lessee with no substantial delay in the delivery of gas produced from the well to the Purchaser thereof. The Lessee shall not suffer a diminution of value of the gas from which the helium has been extracted, or loss otherwise, for which he is not reasonably compensated, save for the value of the helium extracted. The Lessor further reserves the right to erect, maintain, and operate any and all reduction works and other equipment necessary for the extraction of helium on the premises leased.

Sec. 4. *Drilling and producing restrictions.* It is covenanted and agreed that the rate of prospecting and developing and the quantity and rate of production from the lands covered by this lease shall be subject to control in the public interest by the Secretary of the Interior, and in the exercise of his judgment the Secretary may take into consideration, among other things, Federal laws, State laws, and regulations issued thereunder, or lawful agreement among operators regulating either drilling or production, or both. After unitization, the Secretary of the Interior, or any person, committee or State or Federal officer or agency so authorized in the unit plan, may alter or modify from time to time, the rate of prospecting and development and the quantity and rate of production from the lands covered by this lease.

Sec. 5. *Surrender and termination of lease.* The Lessee may surrender this lease, as to all or part of the leased land, by filing in the proper land office a written relinquishment, in triplicate, which shall be effective as of the date of filing subject to the continued obligation of the Lessee and his surety to make payment of all accrued rentals and royalties and to place all wells on the land to be relinquished in condition for suspension or abandonment in accordance with the applicable operating regulations and lease terms.

U. S. Department of the Interior
Bureau of Land Management

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As requested in Mr. Reid's letter of December 30, 1968, we would appreciate that Lease R-1956 issue with an effective dated of January 1, 1969 in order to proceed with our exploratory and development drilling program at the earliest possible time.

Should you require anything further from Occidental prior to lease issuance, please do not hesitate to contact the undersigned.

Very truly yours,

OCCIDENTAL PETROLEUM CORPORATION



J. W. KUNAU
Land Department

JWK:lj

Enclosures

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LAND OFFICE
RIVERSIDE, CALIF.

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ATTACHMENT A

(c) Wells

1. Lessee shall commence drilling operations within 90 days from the effective date hereof. Lessee shall complete said well on the leased lands to production or abandonment at a depth sufficient to test the formation found productive in wells on lands adjacent to the leased lands. Such operations may be conducted on the leased lands at a surface location on the area described in Attachment C-1, and shown on Exhibit A or from a surface location on lands other than the leased lands.
2. Lessee shall drill and produce such other wells as are necessary to protect the leased lands from drainage, or in lieu of any part of such drilling and production, with the consent of the Regional Oil and Gas Supervisor of the Geological Survey, compensate the lessor in full each month for the estimated loss of royalty through drainage in the amount determined by said Supervisor.
3. Lessee may elect to drill and produce other wells in conformity with any system of well spacing or production allotments affecting the field or area in which the leased lands are situated, which is authorized and sanctioned by applicable law or by the Secretary of the Interior.
4. Promptly after due notice in writing, lessee shall drill and produce such other wells as the lessor may reasonably require in order that the leased premises may be properly and timely developed and produced in accordance with good operating practice.

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EXHIBIT B

Parcel A:

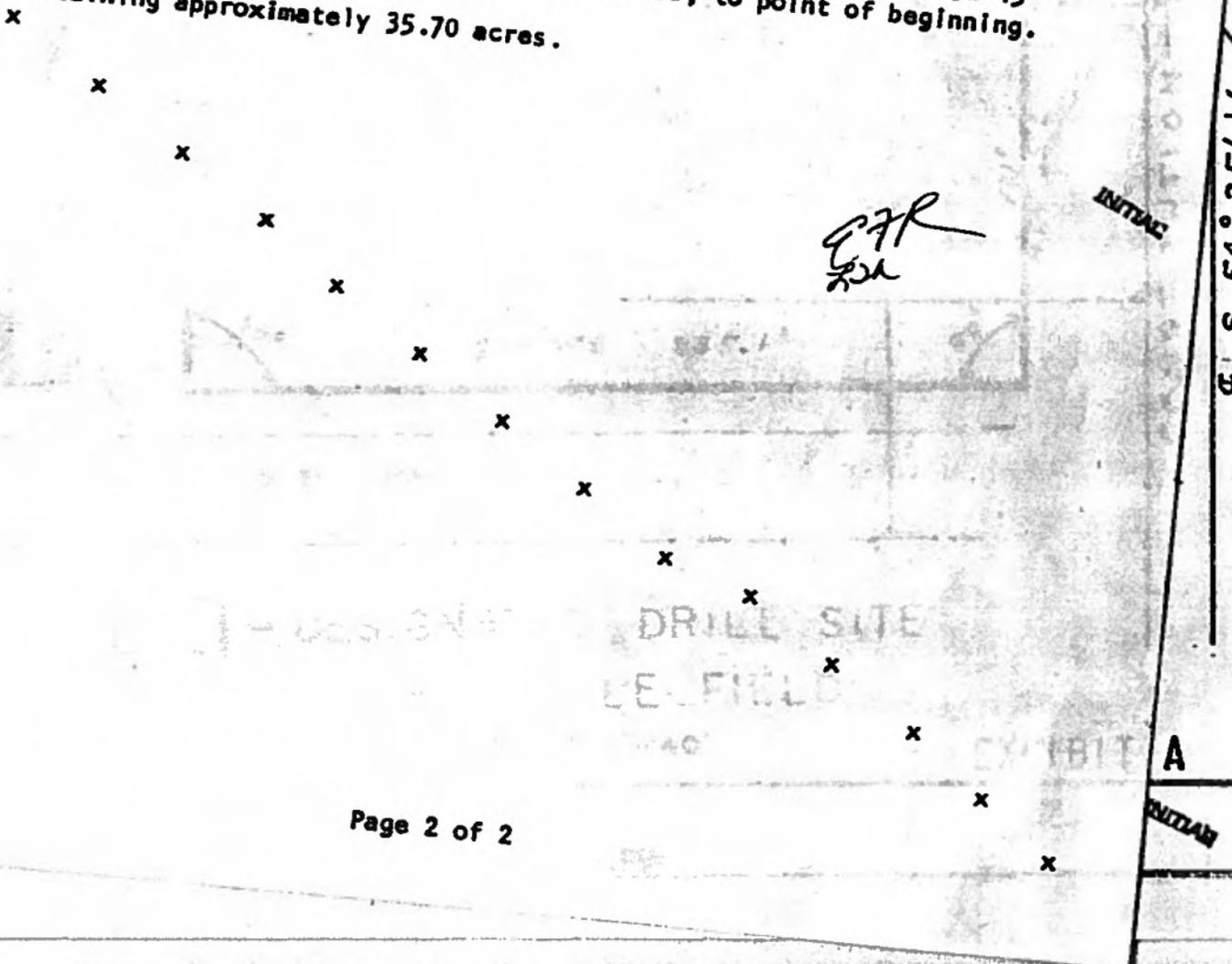
Beginning at the southeasterly corner of lot 1, block 23, said corner being at the intersection of the northeasterly line of said lot 1 and the northwesterly line of Wilshire Boulevard (formerly Sunset Boulevard); thence south seventy-two degrees nineteen minutes thirty seconds west a distance of six hundred and sixty-two and eighty-nine one-hundredths feet along said northwesterly line of Wilshire Boulevard to an intersection with the northeasterly line of Veteran Avenue (formerly Lookout Avenue); Thence north thirty-three degrees eight minutes twenty-five seconds west a distance of seven hundred and thirty-three and eighty-five one-hundredths feet along said northeasterly line of Veteran Avenue to the southwesterly corner of that portion of said lot 2 deeded to the City of Los Angeles for fire station purposes November 15, 1945, in accordance with Public Law 37, Seventy-ninth Congress, approved April 23, 1945; thence north fifty-six degrees fifty-one minutes thirty-five seconds east a distance of one hundred and fifty feet to the southeasterly corner of said portion of said lot 2; thence north thirty-three degrees eight minutes twenty-five seconds west a distance of one hundred feet to the northeasterly corner of said portion of said lot 2; thence south fifty-six degrees fifty-one minutes thirty-five seconds west a distance of one hundred and fifty feet to the northeasterly line of said Veteran Avenue; thence north thirty-three degrees eight minutes twenty-five seconds west a distance of four hundred and fifty-four and thirty-three one-hundredths feet along said northeasterly line to an intersection with the northwesterly line of said lot 2; thence north thirty-seven degrees fifty-seven minutes fifty-four seconds west a distance of one thousand two hundred and sixty-one and forty eight one-hundredths feet along the northeasterly line of Veteran Avenue to a point; thence north seventy-two degrees fourteen minutes twenty-one seconds east a distance of one and sixty-nine one-hundredths feet to a point, said point being the southwesterly corner of lot 3, block 10, tract 9617, on file in Map Book 134, Pages 78 to 82, inclusive, of the records of the City of Los Angeles; thence north seventy-two degrees nineteen minutes forty-one seconds east a distance of six hundred and fifty-seven and thirty-six one-hundredths feet to the southeasterly corner of lot 11 of said block 10; thence south thirty-five degrees thirty-six minutes twenty-seven seconds east a distance of two thousand five hundred and forty-eight and fifty-four one-hundredths feet along the northeasterly line of lots 4, 3, 2 and 1 of said block 23, to the point of beginning.

Containing approximately 34.88 acres.

Parcel B:

Beginning at the most southerly corner of Tract No. 7181 as shown on the map recorded in book 120 page 79 of Maps, in the office of the county recorder of said county; thence along the southwesterly line of said Tract No. 7181 and its northwesterly prolongation North 35°32'45" West 1466.42 feet to the true point of beginning for this description in the boundary line of the land annexed to the City of Los Angeles in the Westgate Annexation on June 14, 1916, as described in Ordinance No. 34184; thence along said boundary line southerly 205.9 feet, more or less, to Station 12 as shown on the map attached to the deed to National Home for Disabled Volunteer Soldiers, recorded on June 5, 1900, as Instrument No. 20 in book 1368 page 167 of Deeds, records of said county; thence still along said boundary line southeasterly 1223.7 feet, more or less, to Station 13 and 1004.44 feet, more or less, to Station 14 as shown on the map attached to said deed; thence still along said boundary line northeasterly 1386 feet, more or less, to the southwest line of block 22 of the Subdivision of Rancho de San Jose de Buenos Ayres recorded in book 26 pages 19 et seq., of Miscellaneous Records, in the office of said county recorder; thence along said southwest line North 35°30'00" West 978.65 feet, more or less; thence south 54°30'25" West a distance of 1221.50 feet, more or less; thence North 35°32'45" West a distance of 1466.42 feet, more or less, to point of beginning.

Containing approximately 35.70 acres.



SAN DIEGO

FREEWAY

ABUTMENT

FENCE & WALK

TOE OF BANK

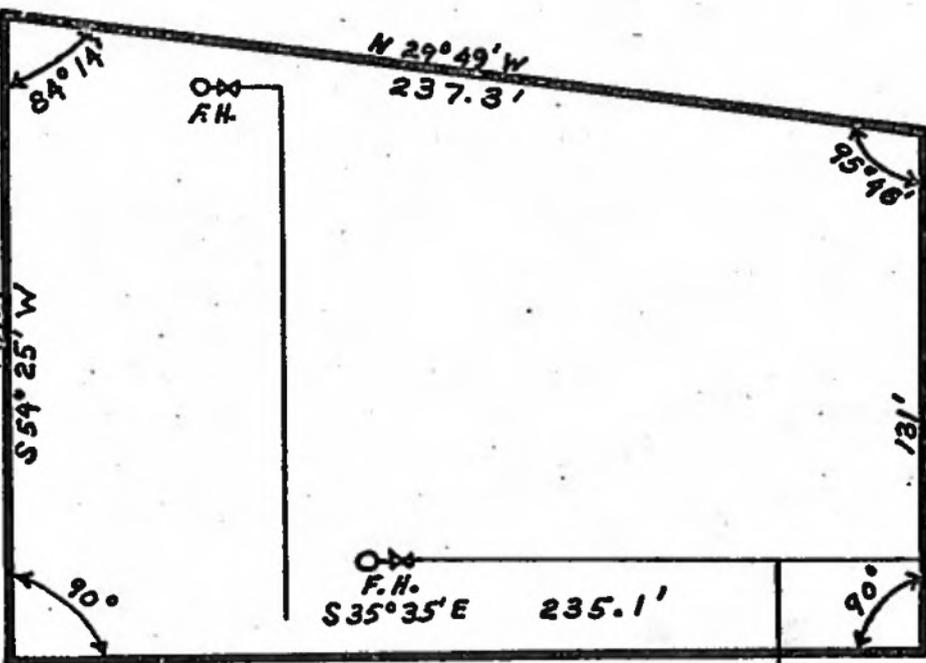
59.75'

38.2'

40'

CONSTITUTION AVE

T-63



OILED SURFACE



DESIGNATED DRILL SITE
SAWTELLE FIELD

SCALE 1" = 40'

EXHIBIT A

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ATTACHMENT C-1

Approximate Description of Drill Site

Starting at the abutment at the southwest corner of the San Diego Freeway and Constitution Avenue 59.75 feet South $54^{\circ}25'$ West to a fence separating the Veterans Administration properties from the Freeway right-of-way, thence 38.2 feet South $54^{\circ}25'$ West, thence 15 feet at a right angle, being North $35^{\circ}35'$ West, to the point of beginning. From the point of beginning 237.3 feet North $29^{\circ}49'$ West, thence 161.9 feet South $54^{\circ}25'$ West, thence 235.1 feet South $35^{\circ}35'$ East, thence 131 feet North $54^{\circ}25'$ East, to the point of beginning: approximately 0.8 acres. (See Exhibit A)

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ATTACHMENT C

(q) Use and Protection of Property

1. The portion of the surface of the leased lands available for drilling and production facilities shall be limited to the area designated in Attachment C-1, and shown on Exhibit "A".
2. Drilling equipment shall be operated by muffled internal combustion engines or electric motors.
3. During production periods pumping operations shall be conducted by adequately muffled internal combustion engines or electric motors.
4. When pumping is conducted by bottom hole hydraulic pumps, these may be powered by muffled internal combustion engines, provided these are completely enclosed within buildings insulated with sound-deadening materials.
5. The derrick shall be soundproofed with standard materials used at the present time and which are acceptable to the City Fire Chief; drilling operations shall be conducted so as to prevent objectionable noise. Derrick and drilling equipment shall be removed from the wellsite within sixty days after completion of drilling operations.
6. Application shall be made for an Industrial Waste Disposal Permit, and all regulations and requirements of the Air Pollution Control District shall be complied with.
7. Illumination from excess gas-burning standpipes shall be shielded from adjacent properties on which residences are located, or on which Veterans Administration Hospital buildings or other installations are located.
8. The producing wellsite and necessary field storage and production facilities shall be fenced so as to prevent access thereto by unauthorized persons, such fence to be chain link and wood lath fence eight feet in height.
9. Storage and tank facilities shall not exceed the capacity reasonably necessary for producing operations.
10. All sumps shall be fenced so as to prevent access thereto by unauthorized persons, such fence to be chain link or other industrial type fence and not less than six feet in height.

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11. After drilling is completed, the producing wellsite and storage facilities shall be landscaped with trees, shrubbery, and plants to screen the facilities from public view and blend with the surrounding area, and shall be maintained. If buildings are constructed adjacent to the wellsite, the wellsite shall always have an aesthetic design reasonably compatible with the adjacent improvements or changes.
12. Permanent structures and equipment shall be painted in neutral colors so as to blend with the natural surroundings.
13. The yard area shall be maintained in a neat and orderly condition, and so far as practicable all operations conducted on said site and service roads shall be carried on with a minimum of objectionable noise and dust.
14. All pipes laid outside the drilling site in connection with drilling or production operations shall be covered to a depth of not less than one foot. The location of these pipelines must be approved by the Director of the Veterans Administration Center.
15. Existing water lines and fire hydrants on the drilling and production area must be relocated at the sole cost of the Lessee as directed by the Director of the Veterans Administration Center.
16. All private roads used for ingress and egress to and from the drill site shall be surfaced and maintained during drilling and production operations.
17. Signs shall not be constructed, erected, maintained, or placed on the premises or any part thereof except those required by law or ordinance to be displayed in connection with the drilling or maintenance of the well and those required for public safety.
18. Whenever the operations of the Lessee hereunder are conducted in a manner which in the judgment of the Administrator of Veterans Affairs, or his designate, is inimical to the safety and welfare of the patients of the Veterans Administration Center, the Lessee, upon notice thereof, shall cease and desist such operations immediately. Such operations shall continue suspended until corrective measures satisfactory to the Administrator, or his designate, have been adopted by the Lessee, and in addition, the Lessee, within 60 days from the date of cessation of such operations, shall begin in good faith and with reasonable diligence to take corrective measures acceptable to the Administrator, or his designate, to remedy such operations.

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ATTACHMENT B

(d) Rentals and Royalties

1. Lessee shall pay the lessor, in advance, an annual rental of two dollars per acre or fraction thereof for each lease year which commences prior to a discovery of oil or gas in paying quantities on the leased lands.
2. Lessee shall pay the lessor a royalty of 16-2/3 percent of the amount or value of production obtained and saved from the leased lands.
3. Lessee shall pay the lessor, in lieu of rental, at the expiration of each lease year beginning after a discovery of oil or gas on the leased lands, a minimum royalty of one dollar per acre or fraction thereof, or if there is production, the amount, if any, that such minimum royalty exceeds royalties on production.
4. Prior to a discovery of oil or gas on the leased lands, the lessee shall make rental payments due the lessor to the order of the Bureau of Land Management at the Land Office having jurisdiction over the area in which the leased lands are located.
5. After discovery of oil or gas on the leased lands, the lessee shall make royalty and minimum royalty payments due the lessor to the order of the Geological Survey at the office of the Regional Oil and Gas Supervisor having supervision over the operations hereunder.

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Sawtelle Field Lease Offer
Parcel A
December 18, 1968 Lease Sale

STATEMENT PURSUANT TO 192.42(e)(3)(iii), TITLE 43,
CODE OF FEDERAL REGULATIONS

DATE: Jan. 14th 1969

The undersigned Party in interest in and to U. S. Government Oil and Gas Lease R-1956 represents as follows:

1. That the undersigned party is a Citizen of the United States of America .
2. That the chargeable interests of the undersigned party in United States Government Oil and Gas Leases, including the acreage covered by the above Offer, do not exceed 246,080 acres, of which not more than 200,000 acres are under option in the State of California .



ARTIE F. STEVENSON, as Executrix of the
Estate of Albert Stevenson